

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Serial No.: 10/287,586

Applicant: Jeff S. Eder

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Examiner: Yehdeggga Retta

Art Unit: 3693

Docket No.: AR - 38

Customer No: 53787

DECLARATION UNDER RULE 132

I, Dr. Peter Brous, do hereby declare and say:

My home address is 17221 NE 8th Street, Bellevue, WA 98008. I have a B.S. degree in Finance from the University of Connecticut and a PhD in Finance from the University of Oregon.

I have worked in the finance field for 25 years, concentrating in the areas of corporate performance measures, business valuation, capital budgeting, and real option analysis. I have been a professor of finance at Albers School of Business and Economics at Seattle University for 15 years and was recently honored to hold the Dr. Khalil Dibee Endowed Chair.

I further declare that I do not have any direct affiliation with the application owner, Asset Reliance, Inc or its licensee Kantrak, Inc. I met the inventor, the President of Kantrak, Inc. for the first time on October 16, 2007.

On October 25, 2007 I was given a copy of "How to sort out the premium drivers of post deal value", by Daniel Bielinski published in Mergers and Acquisitions in July of 1993. Until that time I had not read the article. However, I have read many articles on the subject of Value Based Management. I have a strong understanding of the concept and practice of Value Based Management and have been teaching this concept for over 10 years. I have studied the entire article and I am totally familiar with the language of the article with the scope thereof.

Based on my experience and education in the field of finance, I have concluded that the Bielinski article and Value Based Management does not inherently describe or enable:

- a) the development of a computational model of the current operation segment of value by element of value where the elements of value are selected from the group consisting of alliances, brands, channels, customers, customer relationships, employees, employee relationships, intellectual capital, intellectual property, partnerships, processes, production equipment, vendors and vendor relationships, or
- b) the analysis of segments of value such as real options, market sentiment and/or derivatives.

There are several reasons for this:

1. As stated in the article VBM is similar to SVA. One of the ways it is similar is that it focuses on "value drivers" such as profit margin and growth instead of intangible assets as part of a tree based analysis of cash flow. Unlike SVA, VBM includes operational value drivers that drive the value drivers. However, these are generally not intangible elements of value. For example, Bielinski provides an example of breaking down profit margin by looking more closely at the cost of materials;
2. VBM is also similar to SVA in that it relies on the efficient market theory and this precludes the analysis of market sentiment;
3. SVA and VBM are tools that focus on the standard valuation model, the discounted cash flow model, that does not even consider the value associated with flexibility or decision making that is done sequentially and conditionally based on the arrival of new information. The valuation of this flexibility is the basis for valuation using real option analysis; and
4. Neither VBM or SVA address the valuation of derivatives.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true, and that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patents issuing thereon.

Signed,



Dr. Peter Brous

Date: July 21, 2008